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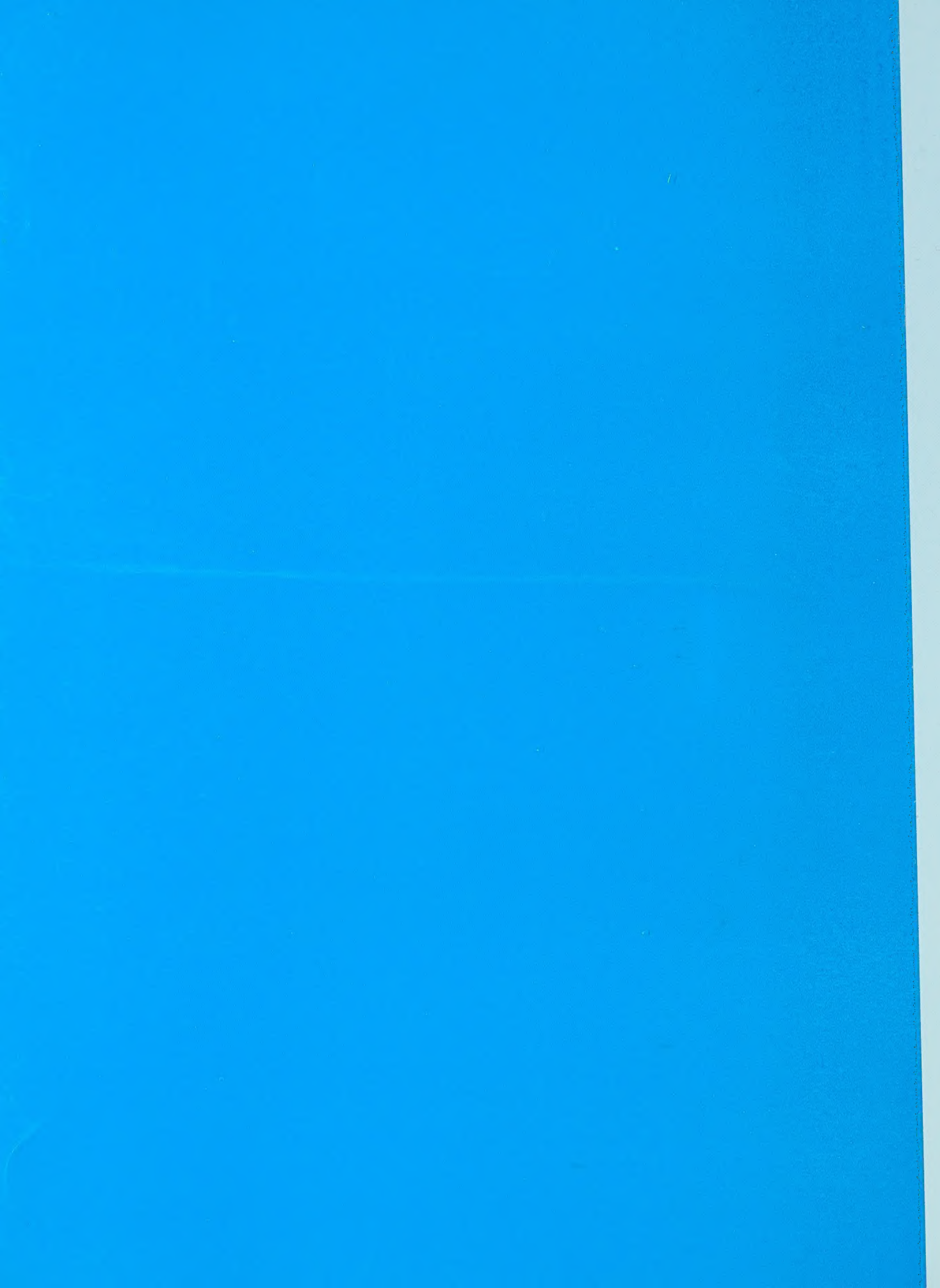
Greyhound's
"Progress '69"
Report



GREYHOUND
LINES OF CANADA LTD.

1969
ANNUAL REPORT







Robert L. Borden

The President's report to the Shareholders

The Directors of your Company present the Annual Report of its operating results and financial position for the year 1969.

Revenues for the year 1969 reached an all-time high with substantial gains being made by the Bus Operating Divisions, including Brewster Transport Company Limited and Motor Coach Industries Limited.

Due to a sequence of events, which are outlined later in this report, operating expenses increased abnormally with the result that earnings per share in 1969 remained the same as in 1968.

For the year 1969, consolidated gross revenues amounted to \$37,927,187 (\$29,231,393 in 1968) while consolidated net income amounted to \$3,141,383 (\$3,168,297 in 1968). Earnings per share were \$0.68 in 1969, the same as in 1968. Dividends in 1969 were \$0.50 per share, the same as in 1968.

In 1969 Motor Coach Industries Limited, your manufacturing subsidiary, increased production and by the end of the year was producing over two shells per day. The majority of these shells are for export, with the remaining shells being completed into buses for sale in Canada. Due to the Motor Coach Industries Limited policy of amortizing the start-up costs of the new plant, tooling costs and development costs in accordance with production of buses and bus shells, substantial write-offs were made in 1969, resulting in a much lower ratio of earnings to sales. It is anticipated that the balance of the deferred charges will be written off in 1970.

Due to the present back-log of MC-7 bus orders, Motor Coach Industries Limited should produce 600

shells and buses in 1970, which will materially reduce the write-off per bus, resulting in a better profit picture. The production of the MC-6 Supercruiser has been temporarily suspended due to clarification of regulatory restrictions. It is hoped that this will be resolved in 1970.

The net revenue of Brewster Transport Company Limited increased substantially in 1969 and indications are that 1970 will be another record year. Additional information on the Company's operation is covered elsewhere in this report.

Passenger, express and charter revenues of your bus operating divisions increased, however, the operating expenses kept pace. The increase in the operating expenses was due to the general inflationary trend in Canada, particularly with respect to labor and materials.

In January, 1970, your Company made a significant acquisition in the purchase of the Coachways System of bus lines from International Utilities Corporation. The transaction was in excess of \$3,000,000.00 and included over 75 buses, bus depots and garages, and over 6,700 certificated route miles throughout Alberta, British Columbia, the Yukon, and North West Territories. Application to acquire their Alaska routes is presently before the regulatory bodies. A detailed map outlining the routes of the Coachways System and how these compliment your present bus operation is part of the front cover of this report.

The acquisition of this company will add approximately 7,000,000 bus miles annually to your bus operations with very little increase in overhead and other non-operating expenses.

With the acquisition of Coachways System, the improved production of Motor Coach Industries Limited and the increase in leisure travel, your management again looks to the future with confidence.

During the year, Mr. J. H. Moore resigned as a Director of your Company, and Mr. Charles J. Clark, Q.C., a prominent Windsor lawyer and businessman, was appointed to the Board. Mr. J. R. Timmins, one of the original Directors of your Company, asked to be relieved of his directorship at the close of 1969. The Company wishes to convey its appreciation to the retiring Directors for their many years of service.

Your Directors are grateful for the continued support of our 4,350 Shareholders, and express their appreciation for the contribution of its employees to the success of the Company.

R. L. Borden, President



Coachways acquisition extends Greyhound north to Alaska

Canadian Coachways System, with a 6,700-mile route network in northern Alberta, British Columbia, the North West Territories and the Yukon, has now become a part of Greyhound Lines of Canada Ltd. (Alaska pending regulatory approval).

The Coachways System purchase was strictly a cash transaction with no dilution of equity.

In 1969, Coachways System buses traveled seven million miles. Your Company's purchase of this system will increase Greyhound's total bus miles by 25% and gross bus revenue by 22%.

75 buses were included in the purchase, together with bus depot and garage facilities.

This acquisition has been effected at a favorable time for your Company. As the pace of industrial development quickens, the population of the Canadian North is increasing. Moreover, there is a growing interest in the travel opportunities afforded by the region. These factors point to a mounting demand upon the Coachways facilities now owned and operated by Greyhound.





15 SUPERCROISERS introduced across Canada

In May of 1969, Greyhound took delivery of the first of 15 MC-6 SUPERCROISERS and placed them into service between Toronto and Vancouver and Edmonton-Calgary.

The SUPERCROISER, the most advanced coach on the highway, gave your company a unique opportunity to carry out a wide-ranging public relations program. Nine cities were selected to host press events and receptions for important transportation officials. The nine cities were: Toronto, Sudbury, Sault Ste. Marie, Thunder Bay, Winnipeg, Regina, Calgary, Edmonton, and Vancouver.

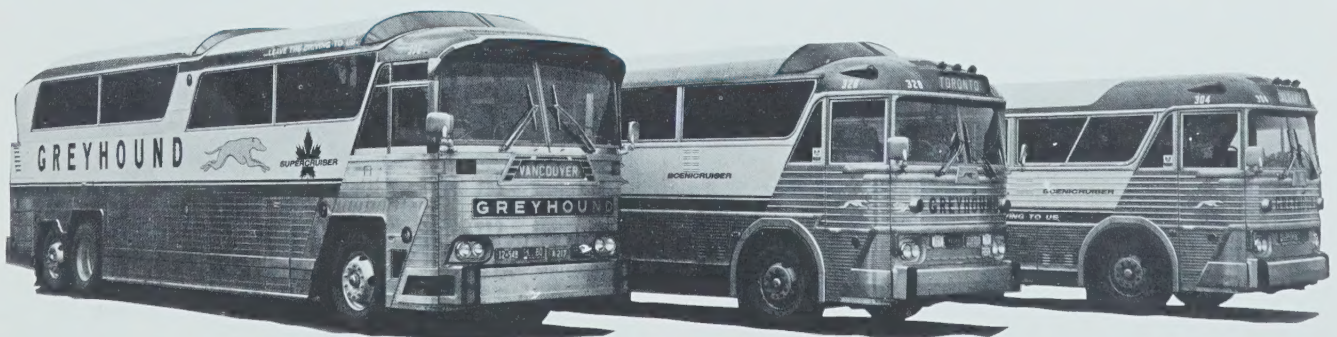
Civic, provincial and federal transportation dignitaries, together with the press, were invited to view the bus.

Greyhound was able to inform a large number of Canadians that SUPERCROISER was part of Greyhound's ever-expanding transportation network, and at the same time to display the new coach to opinion leaders in the industry.



Motor Coach Industries fills increased sales contracts

Motor Coach Industries Limited steadily increased production during 1969, with more than two shells per day being produced by the end of the year. The majority of the production was the new model MC-7, 80% of which was exported.





Trans Canada Highway Tours adds "Yellowhead Spectacular"

Your Company's "red carpet sightseeing" division, Trans Canada Highway Tours, enjoyed another successful year in 1969 with its well-established Royal Glacier Tours through the Rogers Pass — and with its new scenic-tour attraction, Royal Yellowhead Tours.

This addition to the division's tourist services was made possible by the unofficial opening in 1968 of the Yellowhead Pass Highway — providing comfortable

sightseeing travel along the northerly route first pioneered by Hudson's Bay Company fur traders.

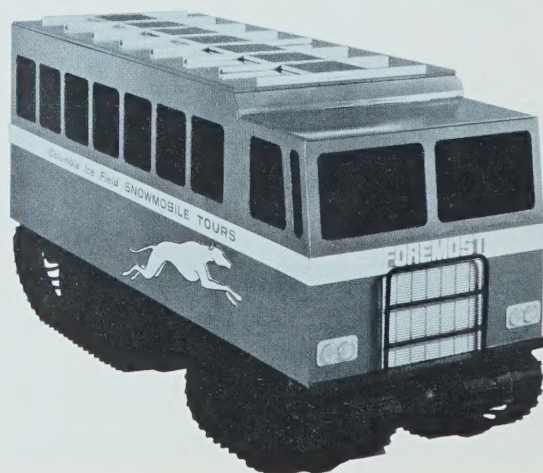
With its selection of both Royal Glacier and Royal Yellowhead Tours operating throughout the 1969 vacation-travel season, Trans Canada Highway Tours showed a 15.21% increase in the number of tourists served. Visitors were again attracted from many parts of the world, with a high percentage coming from California and the United States Eastern Seaboard.

Brewster: pride of the Canadian Rockies

Brewster Transport played the role of sightseeing guide and hotel host to an increased number of Canadian Rockies visitors during the year.

A major addition to this division's facilities ordered in 1969 was special tracked vehicles for passenger travel on the Columbia Icefields. These 36-passenger cruisers combine the merits of a coach with the sure-footed agility of a snowmobile.

In addition to its own extensive tour operations, Brewster once again contributed materially to the success of Trans Canada Highway Tours. Now in its 61st year of service, Brewster Transport is an acknowledged authority on the Canadian Rockies, and is frequently called upon to answer requests from the North American travel trade for advice on all aspects on tourism in this vast recreational area.





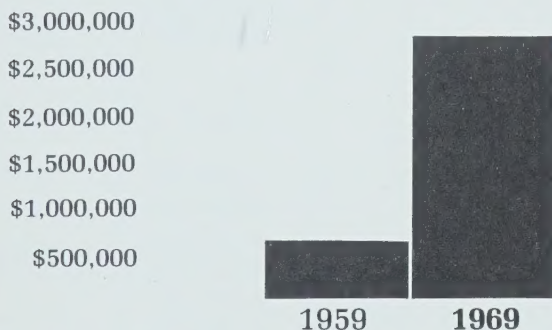
Greyhound Package Express

Greyhound Package Express revenues have continued to rise substantially, showing over a 500% growth since 1959.

The growing significance of this service is reflected in the improvements made during the year to service package express customers. In Calgary, a second express depot was established at the south side of the city. Also the package express facilities were expanded in Thunder Bay-North and Red Deer. The latter center now has three times its former capacity for package express and parking. Major improvements were also made by our connecting carriers in Toronto and Vancouver.

A reduction in delivery time has resulted from the installation of special lock boxes at a number of centers, primarily in Alberta and interior British Columbia. A Greyhound bus can now deliver express shipments at any hour of the night to any of these centers. On arrival, the driver can place the packages securely under lock and key, ready for collection when the express office opens early the following morning. Prior to this, the package express arrivals were limited to the hours of the terminal.

GREYHOUND PACKAGE EXPRESS
10-YEAR REVENUE INCREASE (Canada)



Charter service

With the emphasis on safety, new equipment and the merits of traveling together as a party, charter travel by Greyhound is making a growing appeal to clubs, societies and similar groups. Charter revenue in 1969 showed a climb of almost 26% — the highest increase by any individual division of your Company during the year under review.

Travel bureaus

Your Company's travel bureaus, located at terminals in major centers, can again be credited with contributing to the growth of regular schedule and charter travel by Greyhound. In a milieu of appealing décor and professional competence, they offer services that range from travel advice to the planning and arrangements for an entire trip.

Passenger service

Passenger miles continued to show an upward curve in 1969, when 529,230,000 miles were traveled by Greyhound — an increase well in excess of nine and a half million over the previous year. Important improvements in depot facilities were undertaken during the year. The Thunder Bay-North and Red Deer terminals were expanded, providing greatly enlarged parking, loading and waiting-room areas. In the resort of Jasper, the Greyhound and Brewster operations have been consolidated at a single, improved depot, with similar benefits in parking and in-depot services.





GREYHOUND LINES OF CANADA LTD. and Subsidiary Companies

December 31

ASSETS

CURRENT ASSETS

Cash	\$ 1,058,983	\$ 514,716
Marketable securities, at cost	1,600,000	1,500,000
Accounts and notes receivable	1,591,120	1,645,459
Inventories, at the lower of cost or net realizable value	4,904,486	5,666,192
Prepaid expenses	636,737	262,306

9,791,326 9,588,673

OTHER ASSETS

Notes receivable	372,199	532,055
Deferred development costs, less amortization	915,107	1,298,642

1,287,306 1,830,697

TANGIBLE PROPERTY, at cost

Buses	12,070,672	10,884,076
Less depreciation	5,388,230	4,755,510

6,682,442 6,128,566

Land	1,515,538	1,414,477
Buildings	8,960,505	8,891,639
Equipment	3,710,646	3,654,876

14,186,689 13,960,992

Less depreciation	4,726,381	4,197,119
	9,460,308	9,763,873

16,142,750 15,892,439

INTANGIBLES	2,254,211	2,271,128
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\$29,475,593 \$29,582,937

The accompanying notes are an integral part of these financial statements.



CONSOLIDATED BALANCE SHEET

		December 31	
LIABILITIES AND SHAREHOLDERS' EQUITY		1969	1968
CURRENT LIABILITIES			
Accounts payable and accrued expenses		\$ 2,510,101	\$ 2,122,472
Salaries and wages		797,754	632,066
Due to affiliated company		90,594	155,083
Income taxes		819,048	406,095
Current portion of long-term debt		750,000	2,450,000
		4,967,497	5,765,716
LONG-TERM DEBT (Note 1)			
Bank loans, secured		2,833,000	2,852,000
Due to affiliated company		1,683,316	3,533,067
		4,516,316	6,385,067
Less amount shown in current liabilities		750,000	2,450,000
		3,766,316	3,935,067
RESERVE FOR INJURIES AND DAMAGES		347,762	389,416
DEFERRED INCOME TAXES		2,561,815	2,548,500
SHAREHOLDERS' EQUITY			
Capital stock (Note 2)			
Authorized — 9,600,000 common shares of no par value			
Issued — 4,653,993 shares		7,876,862	7,805,393
Retained income		9,955,341	9,138,845
		17,832,203	16,944,238
Signed on behalf of the Board			
R. L. BORDEN — Director			
W. S. OWEN — Director			
		\$29,475,593	\$29,582,937



GREYHOUND LINES OF CANADA LTD. and Subsidiary Companies

CONSOLIDATED INCOME

Year ended
December 31

	1969	1968
Operating revenues	\$37,843,259	\$29,263,525
Operating expenses	29,005,311	21,207,445
Income from operations before the undernoted items	8,837,948	8,056,080
Income from investments	174,904	202,122
Deduct	9,012,852	8,258,202
Depreciation and amortization	2,050,740	1,443,101
Interest on long-term debt	461,729	341,804
	2,512,469	1,784,905
Income before income taxes	6,500,383	6,473,297
Income taxes	3,359,000	3,305,000
NET INCOME	\$ 3,141,383	\$ 3,168,297
Net income per share, based upon average number of shares outstanding ...	\$0.68	\$0.68
CONSOLIDATED RETAINED INCOME		
Balance, beginning of year	\$ 9,138,845	\$ 8,292,482
Net income for the year	3,141,383	3,168,297
	12,280,228	11,460,779
Cash dividends paid \$0.50 per share	(2,324,887)	(2,321,934)
Balance, end of year	\$ 9,955,341	\$ 9,138,845

The accompanying notes are an integral part
of these financial statements.



GREYHOUND LINES OF CANADA LTD. and Subsidiary Companies

CONSOLIDATED SOURCE AND USE OF FUNDS

	Year ended December 31	
	1969	1968
<i>Source of Funds</i>		
Cash generated from operations	\$5,238,203	\$5,013,284
Proceeds from sale of shares pursuant to stock option plan	71,469	—
Increase (decrease) in long-term debt	(168,751)	603,067
Decrease in non-current notes receivable	159,856	204,030
	5,300,777	5,820,381
<i>Use of Funds</i>		
Acquisition of tangible property (net of disposals)	1,840,381	2,213,527
Dividends paid.	2,324,887	2,321,934
Increase in deferred development costs and intangibles	54,832	790,988
Other	79,805	(103,734)
	4,299,905	5,222,715
Increase in working capital	\$1,000,872	\$ 597,666

Auditors' Report

The Shareholders
Greyhound Lines of Canada Ltd.

We have examined the consolidated balance sheet of Greyhound Lines of Canada Ltd. and its subsidiaries as at December 31, 1969 and the related statements of income, retained income, and source and use of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969, the results of their operations and the source and use of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
February 16, 1970

TOUCHE ROSS & CO.
Chartered Accountants



GREYHOUND LINES OF CANADA LTD. and Subsidiary Companies

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 1969

1. LONG-TERM DEBT

The bank loans have been classified as long-term obligations to the extent that the loans are not expected to be repaid during 1970 as indicated by the companies' cash flow projections. Substantially all the receivables and inventories have been pledged as collateral security for bank loans.

2. STOCK OPTIONS

Under the incentive stock option plan established for certain officers and key employees of Greyhound Lines of Canada Ltd. and its subsidiaries, authority has been given to grant options on up to a maximum of 100,000 shares at an option price of the fair market value of the shares on the day the option is granted, exercisable in four annual installments beginning one year after grant.

During 1969, options were granted on 22,000 shares, leaving a maximum of options on 32,500 shares available for future grants. During 1969, options were exercised for cash on a total of 10,125

shares, leaving option grants outstanding at December 31, 1969 on 24,875 shares at an average option price of \$12.58 per share.

3. SUBSEQUENT EVENT

On January 29, 1970, the company purchased for \$3,592,401 the shares and operating assets of the group of operating bus entities in Western Canada and Alaska collectively known as the "Coachways System". This purchase involved a cash payment on January 29, 1970 of \$2,340,000 and a note for \$1,252,401 due December 31, 1970.

4. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

For the year ended December 31, 1969, the total remuneration received from the company by directors and senior officers was \$126,465 including \$57,775 received by directors as directors or officers.





Marketing in Canada

Advertising and publicity to sell Greyhound services

Greyhound's advertising/public relations program this year was developed around the "comfort package" theme. Quality, comfort and dependability were stressed in all advertising. All three models of coaches were included, with the new MC-6 SUPERCRUISER being featured.

In addition to the advertising and the introductory press receptions, publicity for the MC-6 was gained through Tommy Hunter, a popular Canadian singing star. Mr. Hunter, a seasoned Greyhound traveler, enthusiastically endorsed the bus in the media and on a cross-Canada tour.

High, Wide & Handsome! New MC-6 SUPERCRUISER
(It's part of THE COMFORT PACKAGE!)

BARGAINS IN EVERY DIRECTION
From ANYTOWN to ANYTOWN:
1st Class Day \$100.00
1st Class Night \$150.00

GO GREYHOUND

**For Holiday ride excitement...
ride Greyhound's 'comfort cruisers'!**

They're part of THE COMFORT PACKAGE!

BARGAINS IN EVERY DIRECTION!
Sample fares from ANYTOWN: **\$00.00**
00 TRIPS DAILY 00,00,00,00

ANYTOWN 00 trips daily \$00 ANYTOWN 00 trips daily \$00
ANYTOWN 00 trips daily \$00

GO GREYHOUND

High, Wide & Handsome! New MC-6 SUPERCRUISER!
(It's part of THE COMFORT PACKAGE!)

GO GREYHOUND



GO GREYHOUND
...and leave the driving to us

BARGAINS IN EVERY DIRECTION

VANCOUVER 10 TRIPS A DAY \$18.00 5 TRIPS DAILY VIA ROGERS PASS 7:00 a.m., 1:00 p.m., 6:30 p.m., 9:45 p.m., 1:00 a.m. 2 TRIPS DAILY VIA OKANAGAN 1:00 p.m., 9:30 p.m. 3 TRIPS DAILY VIA NELSON 7:00 a.m., 7:15 a.m., 8:00 p.m.	EDMONTON 12 TRIPS DAILY \$8.40
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TORONTO
4 TRIPS DAILY \$41.75

**High Wide & Handsome!
New MC-6 SUPERCRUISER**
(It's all part of THE COMFORT PACKAGE!)

TV star Tommy Hunter is a seasoned Greyhound traveler. And now Greyhound has something new to sing out about! The MC-6 SUPERCRUISER is a luxury cruiser — and a safety package. Higher, wider, longer, roomier — full of features that make Greyhound even safer, more comfortable and more convenient than ever!

Whether you ride the new SUPERCRUISER or the sleek MC-6 or MC-7 Scenicruisers, you get comfort, convenience and economy all in one package. Like more trip-board restrooms, air conditioning, pillow-top headrests — plus of course the savings!

For holiday travel and charter information call Greyhound Book Office, 7th Ave. W. Suite 510, Phone 282-3300 or your Greyhound agent or favorite travel agent. Packages Express 282-5148

GO GREYHOUND



GREYHOUND LINES OF CANADA LTD.

Head Office:

222 First Avenue S.W., Calgary 1, Alberta

A Canadian company with over 4,300 Canadian Shareholders, employing more than 3,000 Canadians — providing safe, convenient and economical travel to the people of Canada.

Directors:

F. W. Ackerman
R. C. Batastini
R. L. Borden
C. J. Clark, Q.C.
C. S. Munson
W. S. Owen, Q.C., LL.D.
R. F. Shaffer
J. H. Taylor
J. R. Timmins
G. H. Trautman

Officers:

R. L. Borden, *President*
Harry Zoltok, *Vice-President, Manufacturing*
L. Frizzell, *Vice-President*
F. E. Lake, *Treasurer*
J. S. Frew, *Secretary*
G. T. Christie, *Assistant Secretary*
F. L. Mogen, *Vice-President, Marketing and Traffic*
H. B. de Wynter, *Vice-President, Transportation and Labor Relations*

Stock Transfer Agent and Registrar:

Montreal Trust Company
Montreal, Toronto, Winnipeg, Calgary, Vancouver

